

Agenda Item #4.2
For Housing Authority Meeting of: January 22, 2024

CITY OF SANTA ROSA
HOUSING AUTHORITY

TO: HOUSING AUTHORITY COMMISSIONERS
FROM: KOY STEWART, PROGRAM SPECIALIST
HOUSING AND COMMUNITY SERVICES DEPARTMENT

SUBJECT: BAY AREA HOUSING FINANCE AUTHORITY (BAHFA) AND 2024
REGIONAL AFFORDABLE HOUSING BOND

AGENDA ACTION: STUDY SESSION

RECOMMENDATION

It is recommended by the Housing and Community Services Department that the Housing Authority receive information about the Bay Area Housing Finance Authority and the 2024 Regional Affordable Housing Bond.

EXECUTIVE SUMMARY

This study session will provide an overview of the Bay Area Housing Finance Authority (BAHFA) and its preparation of a \$10-20 billion Regional General Obligation Affordable Housing Bond for the November 2024 election. Should the regional bond pass, the City of Santa Rosa (City) will potentially receive an appropriation ranging between \$121 million - \$242 million, to be allocated by the City Council (Council) in accordance with the City's adopted Expenditure Plan. To accept any bond proceeds, an Expenditure Plan that complies with regulations established by BAHFA to include minimum investment targets and a plan for the flexible funding portion, must be adopted by Council no later than 2025. A similar presentation was given to City Council and the Board of Supervisors at their December meetings.

BACKGROUND

BAHFA is a regional authority created by the California Legislature in 2019 to address chronic affordable housing challenges in the nine counties and 101 cities in the Bay Area, working closely with the Metropolitan Transportation Commission (MTC) and the Association of Bay Area Governments (ABAG). BAHFA's purpose is to raise, allocate, and administer funding, while providing technical assistance at a regional level to bolster tenant protections, affordable housing preservation, and new affordable housing production. Both the BAHFA Board of Directors (Board) and the ABAG Executive Board are comprised of local elected officials. In Sonoma County, City Council Member

BAY AREA HOUSING FINANCE AUTHORITY (BAHFA) AND 2024 REGIONAL AFFORDABLE HOUSING BOND
PAGE 2 OF 4

Victoria Fleming and County Supervisor David Rabbitt represent the City and region on BAHFA's Board. Supervisor Rabbitt also serves on ABAG's Executive Board. Both representatives will participate in regional votes related to the 2024 regional housing bond.

BAHFA began implementation of various pilot programs in 2021 with a \$20 million appropriation from the State of California (State). This funding was supplemented by additional funds from the State's Regional Early Action Planning (REAP) Grant 2.0, philanthropic donations, as well as private industry support and financial assistance from the MTC.

The pilot programs aim to address the three primary areas of focus for BAHFA: tenant protection, affordable housing preservation, and new affordable housing production. Some of the pilot programs that have been created or supported by BAHFA include: The Doorway Housing Portal, Priority Sites Pilot Program, Preservation Pilot program, Rental Assistance Pilot Program, and six developments with Welfare Tax Exemptions. In addition to these pilot programs, BAHFA conducted an affordable housing pipeline study to identify approximately 33,000 affordable homes in need of funding that are currently in pre-development across the Bay Area. The City of Santa Rosa's Affordable Housing Project pipeline was included in the study in 2022 and 2023.

The 2024 Regional Housing Bond:

In the summer of 2022, BAHFA and the ABAG Executive Board began considering placing a \$10-20 billion general obligation bond for affordable housing on the November 2024 ballot.

Currently, the threshold for passing the regional housing bond is a two-thirds (2/3) supermajority of all Bay Area voters combined, not county-by-county. However, ACA 1, a statewide constitutional amendment, will be on the November 2024 ballot, aiming to reduce the threshold to 55 percent. If approved, this reduced threshold would apply to bond measures on the same ballot.

If the regional housing bond passes, 80 percent of the net revenue will be returned to counties and cities based on a "return to source" basis, determined by each jurisdiction's share of assessed property values (referred to as county housing revenue). Certain large cities and cities assigned more than 30 percent of their county's low-income Regional Housing Needs Allocation (RHNA) obligation, such as Oakland, San Jose, Santa Rosa, and the City of Napa, may receive a direct allocation. The remaining 20 percent of the net revenue, referred to as Regional Housing Revenue, will be available for BAHFA to distribute across the Bay Area.

BAHFA and localities such as the City of Santa Rosa, receiving a direct allocation from a regional housing bond are required, per the government code creating BAHFA, to adopt an Expenditure Plan for their share of the funds. BAHFA's Regional Expenditure Plan is due in summer 2024 (prior to the election), whereas local expenditure plans from

cities and counties will not be due until after the election (likely in early 2025). The BAHFA Board and the ABAG Executive Board are actively developing the regional expenditure plan in consultation with local governments, housing stakeholders, and members of the public. Generally, BAHFA’s goals for its investments are to prioritize projects that serve those with the greatest need; achieve scale; control construction costs; and advance innovative construction and design approaches that will help the region deliver the housing it needs.

PRIOR HOUSING AUTHORITY REVIEW

Not applicable

ANALYSIS

The 2024 Regional Housing Bond seeks to address affordable housing needs throughout the Bay Area. BAHFA aims to create regional solutions to tackle the housing crisis by focusing on the 3Ps framework: protecting current residents to avoid displacement, preserving existing affordable housing, and producing new housing at all income levels.

As a jurisdiction receiving a direct allocation from the regional housing bond, the City of Santa Rosa will be required to produce a local Expenditure Plan for its portion of funds, if the regional housing bond is approved. The Expenditure Plan would identify minimum investment targets that correspond to the 3Ps: 52 percent for production, 15 percent for preservation, and 5 percent for tenant protections, with the remaining 28 percent designed as “flexible” funding that may be used for housing or housing-related uses as defined in the ballot measure (for example, infrastructure necessary to support housing development). Given the anticipated revenue and investment categories, Santa Rosa’s local Expenditure Plan will have the following structure and approximate amounts:

Total Bond Allocation Estimate for The City of Santa Rosa

Bond Allocation	Estimated Share Amount	Approximate Bond Allocation
Total GO Bond Allocation	100%	\$121 million
Administration of Programs & Services	5%	\$6 million
Balance to Disperse	95%	\$115 million
Balance to Disperse	Level	\$115 million
Production	52% min.	\$60 million
Preservation	15% min.	\$17 million
Tenant Protections**	5% min.	\$6 million
Flexible Funding	28%	\$32 million

Once the City Council adopts an Expenditure Plan that meets the foregoing criteria, the plan is deemed approved and will be posted to BAHFA's website.

Staff presented this information to the City Council on December 5, 2023 and received direction to begin planning for the Expenditure Plan and outreach.

FISCAL IMPACT

This item does not have a direct fiscal impact on the General Fund or the Housing Authority's budget. The required labor hours to perform outreach and develop an Expenditure Plan would be supported through the Housing and Community Services Department and Housing Authority budgets.

ENVIRONMENTAL IMPACT

The Housing Authority finds that the proposed action is exempt from the provisions of the California Environmental Quality Act (CEQA) under section 15061(b)(3) and 15378 in that there is no possibility that the implementation of this action may have significant effects on the environment, and that no further environmental review is required.

BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

Not applicable

NOTIFICATION

Not applicable

ATTACHMENTS

None

PRESENTER

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